

Public Service Commission Comments on the Amendments to HB 25
February 12, 2007

EXHIBIT 2
DATE 2-12-07
HB 25

The amended HB 25 improves the bill in these major areas:

69-8-102 repeal (amendment #11). The amended HB 25 improved by this repeal of Chapter 8's existing legislative findings and policy section in its entirety. The aim of the Chapter 8 reform bills, including this one, is to return NorthWestern Energy to a full-service utility that is subject to the traditional public utility regulation of Title 69, Chapter 3, which makes it unnecessary to include any special legislative declarations in Chapter 8.

Section 6. The definition of the term "electricity supply costs" now includes only costs related to power purchase agreements, demand-side management and energy efficiency programs. This is an improvement over the term as defined in HB 25 as introduced which was, in concert with the definition of "electricity supply service" so broadly defined as to potentially include every aspect of electric utility service. The definition as amended means that the mandatory cost tracker provision in 69-8-210 (Section 8 of the bill) applies only to the reduced list of "electricity supply costs."

Section 7. Amendment #27 improves HB 25 because it is now mandatory, not permissive, concerning the public utility's obligation to supply electricity to a large customer that demonstrates there would be no adverse impacts to the utility's customers as determined by the PSC if the large customer obtained electricity supply from the utility.

Amendment #29 addresses the PSC's concern that there should be a provision in this section concerning small customers who have moved to choice to resolve the issue of their ability to return to public utility supply service.

Sections 10 and 11. Amendment #33 is important because: (1) it retains the PSC's rulemaking authority under which the current default supply planning and procurement rules were implemented, and (2) it adds nondiscriminatory access provisions to ensure that non-utility generators and electricity suppliers continue to have fair and open access to NorthWestern's transmission and distribution facilities.

Section 14. The amendments to this section improve HB 25 by removing the provisions that extended the existing requirement that the PSC act on approval requests for power purchase agreements within 180 days to approval requests for generation ownership or lease. In the amended HB 25, the PSC must act within 180 days on an application for a power purchase agreement from an existing generating resource, but has 270 days, plus 90 days if necessary, to act on an application for approval of utility-owned or leased generation or a power purchase agreement from a new generation resource.

Amendment #55 allows PSC approval of an application to be "in whole or in part," which importantly provides the PSC with some flexibility when considering these applications.